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# TRADERS FINANCE CORPORATION LIMITED

## TWENTY-SEVENTH ANNUAL REPORT



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YEAR ENDING DECEMBER 31st  
1947



# TRADERS FINANCE CORPORATION LIMITED

## TWENTY-SEVENTH ANNUAL REPORT



YEAR ENDING DECEMBER 31st  
1947

TRADERS FINANCE CORPORATION LIMITED

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*HEAD OFFICE*  
320 Bay St., Toronto

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*BRANCH OFFICES*

SYDNEY - HALIFAX - NEW GLASGOW - CHARLOTTETOWN  
SAINT JOHN - CAMPBELLTON - RIMOUSKI - QUEBEC - CHICOUTIMI  
MONTREAL - THREE RIVERS - GRANBY - SHERBROOKE  
OTTAWA - BELLEVILLE - TORONTO - KITCHENER  
OWEN SOUND - WINDSOR - LONDON - PORT ARTHUR  
WINNIPEG - BRANDON - REGINA - MOOSE JAW  
SASKATOON - PRINCE ALBERT - LETHBRIDGE  
CALGARY - RED DEER - EDMONTON  
PENTICTON - VANCOUVER  
VICTORIA

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*The Oldest All-Canadian National Finance Company*



# TRADERS FINANCE CORPORATION LIMITED

## ANNUAL REPORT — 1947

### TO THE SHAREHOLDERS:

Your directors have pleasure in submitting herewith the Annual Report of your Company for the year ended December 31, 1947, together with the Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and of Surplus as certified by your Auditor. The volume of business handled by your Company has shown a substantial increase as a direct result of the resumption of production of automotive equipment and other durable goods.

The results of the year's operations may be summarized as follows:

Consolidated net profit for the year before provision for income and excess profits taxes amounted to .....	\$1,150,132.
Provision for income and excess profits taxes was estimated at .....	369,923.
	<hr/>
Consolidated net profit for the year .....	\$ 780,209.
The minority interest in this net profit amounted to .....	70,498.
	<hr/>
Leaving net profit available for interest and dividends of .....	\$ 709,711.
Dividends on Traders preferred shares required .....	\$143,967.
Interest on income funding rights amounted to .....	19,716.
	<hr/>
	163,683.
	<hr/>
The earnings available for Traders common shares were .....	\$ 546,028.
This is equivalent to \$9.48 per common share and compares with \$6.10 per common share earned in 1946 and \$3.24 per common share earned in 1945.	
Dividends on the common shares amounted to .....	71,929.
	<hr/>
Leaving to be added to surplus .....	\$ 474,099.
	<hr/>

It should be noted that following established procedure, net cost of equipment purchased for replacements and additions during the year to the extent of \$147,415, has been charged against 1947 operations.

As of April 1, 1947, an additional 10,000 4½% cumulative redeemable preferred shares were issued, thereby increasing the total issued number of these shares to 35,000.

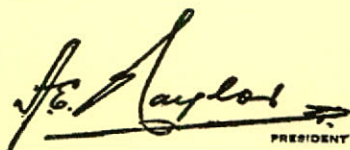
On September 29, 1947, the \$2,300,000 2% to 3% serial debentures remaining outstanding were redeemed and replaced by \$10,000,000 2½% Collateral Trust Serial Notes, Series A.

Working capital was again increased on January 2, 1948, by the sale of \$2,000,000 3¼% Sinking Fund Debentures Series "A."

All of these changes are reflected in the accounts submitted herewith and all of the underwriting costs have been written off.

The appreciation and thanks of your directors is extended to the officers and employees of the Companies for their loyal co-operation throughout the year.

Respectfully submitted,



J. E. Taylor  
PRESIDENT

April 7th, 1948.  
320 Bay Street, Toronto, Ontario.

TRADERS FINANCE C  
AND SUBSIDIA

CONSOLIDATED BALANCE

After giving effect to t  
3¼% Sinking Fund Debenture

ASSETS

Cash on hand and in banks .....	\$ 3,419,161.66
Investments in bonds and stocks — at cost .....	\$ 4,399,518.07
(Market value \$4,513,745.00.)	
Interest accrued .....	26,942.24
	<u>4,426,460.31</u>
Notes receivable and lien obligations, secured, after full provision for doubtful accounts .....	28,946,564.28
Loans, mortgages, advances and accounts receivable after full pro- vision for doubtful accounts .....	1,372,674.61
Inventories (valued at the lower of cost or market) .....	168,270.73
Deferred charges .....	38,721.51
Post-war refund under the Excess Profits Tax Act .....	14,249.51
Land, buildings and equipment, at cost .....	\$ 183,661.26
Less reserve for depreciation .....	33,210.99
	<u>150,450.27</u>

Approved on behalf of the Board,

ARTHUR MEIGHEN }  
A. E. NAYLOR } Directors.

\$38,536,552.88

This is the balance sheet referred to in my r



ORPORATION LIMITED  
Y COMPANIES

SHEET - DECEMBER 31, 1947

sale of \$2,000,000.00

Series "A" as of January 2, 1948

LIABILITIES

Bank loans (secured) .....		\$13,211,660.00
Accounts payable and accrued charges .....	\$ 408,014.16	
Dealers' credit balances .....	514,421.84	
Interest and dividends payable .....	104,301.38	
Reserve for income and excess profits taxes .....	351,563.40	
		<u>1,378,300.78</u>
Reserve for unearned income .....		2,944,609.26
Special reserve for guarantee bonds .....		72,657.29
Reserve for unpaid insurance claims, including \$40,000 reserve for unreported claims .....		1,274,335.16
Contingent reinsurance reserve .....		200,000.00
Reserve for investments .....		80,000.00
Mortgage on land and building .....		3,501.37
Minority interest of shareholders in the capital and surplus of subsidiary companies .....		502,660.54
Collateral trust serial notes, series A, 2½% due 1st September 1949, 1950 and 1951 (secured)		
Authorized and issued .....	\$10,000,000.00	
Interest accrued .....	83,561.83	
		<u>10,083,561.83</u>
¾% Sinking fund debentures, series "A" (Authorized \$4,000,000.00) .....		2,000,000.00
Capital:		
Authorized —		
35,000 4½% cumulative redeemable preferred shares of the par value of \$100 each, callable at \$104.		
170,000 Class "A" common shares of no par value.		
30,000 Class "B" common shares of no par value.		
Issued and outstanding —		
35,000 4½% cumulative redeemable preferred shares ....	\$ 3,500,000.00	
5,522 shares held by subsidiary companies .....	552,200.00	
		<u>\$ 2,947,800.00</u>
29,478		27,543.00
27,543 Class "A" common shares .....		30,000.00
30,000 Class "B" common shares .....		
		<u>\$ 3,005,343.00</u>
Surplus (including \$144,340.60 distributable surplus of subsidiary company) .....	3,779,923.65	
		<u>6,785,266.65</u>
Total capital and surplus .....		<u><u>\$38,536,552.88</u></u>

rt to the shareholders dated March 31, 1948.

A. DOUGLAS DOWNIE,  
Chartered Accountant.

NOTES TO THE CONSOLIDATED BALANCE SHEET OF  
**TRADERS FINANCE CORPORATION LIMITED**  
**AND SUBSIDIARY COMPANIES**

DECEMBER 31, 1947

1. There are outstanding 13,653 Series "A" and 6,171 Series "B" income funding rights with a total aggregate face value of \$507,286.50. Non-cumulative interest at the rate of \$1.00 per annum per right is payable out of the net profits of each fiscal year or to the extent that such profits are available before payment of dividend on the 4½% cumulative redeemable preferred shares. In the event of liquidation the income funding rights rank after the 4½% cumulative redeemable preferred shares but in priority to the Class "A" and Class "B" common shares.
2. As of April 1, 1947, an additional 10,000 4½% cumulative redeemable preferred shares were issued at par plus a premium of \$17,500.00.
3. As of September 29, 1947, the \$2,300,000 2% to 3% serial debentures remaining outstanding were redeemed for \$2,300,000, plus a premium of \$7,000. At the same time there were issued \$10,000,000 Collateral Trust Serial Notes, Series A, bearing interest at the rate of 2½% per annum and maturing as follows:

<i>Maturity Date</i>	<i>Principal Amount</i>
September 1, 1949 .....	\$3,300,000
September 1, 1950 .....	3,300,000
September 1, 1951 .....	3,400,000

4. As of January 2, 1948, \$2,000,000.00 3¼% sinking fund debentures, Series "A", were sold for \$1,950,000.00. These debentures mature January 2, 1958.

**TRADERS FINANCE CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES**

**CONSOLIDATED CAPITAL SURPLUS**

**DECEMBER 31, 1947**

*After giving effect to the sale of \$2,000,000.00*

*3¼% Sinking Fund Debentures Series "A" as of January 2, 1948*

BALANCE, JANUARY 1, 1947 .....		Nil
Premium received from sale of 10,000 4½% cumulative redeemable preferred shares — April 16, 1947 .....		\$17,500.00
<i>Deduct:</i>		
Premium paid on \$700,000.00 serial debentures redeemed November 1, 1947 .....	\$ 7,000.00	
Underwriting expenses .....	\$84,427.55	
Less charged to earned surplus .....	73,927.55	
	10,500.00	
		17,500.00
BALANCE, DECEMBER 31, 1947 .....		Nil

**CONSOLIDATED DISTRIBUTABLE SURPLUS**

**DECEMBER 31, 1947**

*(After providing for minority interest)*

BALANCE, JANUARY 1, 1947 .....		\$ 216,159.48
Add: Adjustment arising from purchase of additional shares of subsidiary company .....		1,095.12
		\$ 217,254.60
Deduct: Dividend paid by subsidiary company in 1947 .....		72,914.00
BALANCE, DECEMBER 31, 1947 .....		\$ 144,340.60

TRADERS FINANCE CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES

CONSOLIDATED EARNED SURPLUS

DECEMBER 31, 1947

*After providing for minority interest and  
after giving effect to the sale of \$2,000,000.00  
3¼% Sinking Fund Debentures Series "A" as of January 2, 1948*

BALANCE, JANUARY 1, 1947 .....	\$3,134,531.20
<i>Add:</i> Adjustment of reserve for unearned income attributable to 1946 income — less income tax .....	\$ 24,811.00
Dividends paid by subsidiary company in 1947 charged to consolidated distributable surplus .....	72,914.00
Adjustment arising from changes in the shareholding of companies included in this consolidation .....	3,155.04
	100,880.04
	\$3,235,411.24
<i>Deduct:</i> Underwriting expense .....	73,927.55
	\$3,161,483.69
<i>Add:</i> Net profit for year .....	\$ 709,710.88
<i>Less:</i> Interest on income funding rights .....	\$19,716.00
Dividends on 4½% cumulative redeemable preferred shares .....	143,966.77
	163,682.77
Amount available for common shares .....	\$ 546,028.11
Dividends on common shares .....	71,928.75
	474,099.36
BALANCE, DECEMBER 31, 1947 .....	\$3,635,583.05

TRADERS FINANCE CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1947

Income from operations .....	\$3,432,902.52	
Income from interest and dividends .....	210,158.35	
Profit realized on securities sold .....	18,473.83	
	<u>                    </u>	\$3,661,534.70
Interest on loans and funded debt .....	\$ 575,426.10	
General and administrative expense .....	1,654,547.01	
Directors' and executive officers' salaries .....	112,872.00	
Directors' fees .....	5,535.00	
Legal fees .....	7,623.12	
Equipment purchased .....	147,415.93	
Increase in reserve for guarantee bonds .....	7,983.06	
	<u>                    </u>	2,511,402.22
Profit for year before provision for income and excess profits taxes .....		1,150,132.48
Provision for Dominion and Provincial income taxes and excess profits tax .....		369,923.00
		<u>                    </u>
		\$ 780,209.48
Less provision for minority interest .....		70,498.60
		<u>                    </u>
Net profit for year .....		<u><u>\$ 709,710.88</u></u>

*Auditor's Report to the Shareholders of*  
TRADERS FINANCE CORPORATION LIMITED.

I have examined the books and accounts of Traders Finance Corporation Limited and subsidiary companies for the year ended December 31, 1947, and have obtained all the information and explanations I have required.

In carrying out the examination, substantial tests were made of the correctness of the accounts at the head office and branch offices of the companies and the accounting methods were reviewed, but I did not make a detailed audit of all the transactions.

I report that, in my opinion, based upon such examination, the accompanying consolidated balance sheet of Traders Finance Corporation Limited and subsidiary companies is properly drawn up so as to exhibit a true and correct view of the state of the companies' affairs, on a consolidated basis, as at December 31, 1947, according to the best of my information and the explanations given to me and as shown by the books, and after giving effect to the sale of \$2,000,000.00 3¼% sinking fund debentures, series "A," as of January 2, 1948.



Chartered Accountant.

Toronto, Ontario,  
March 31, 1948.



